2. HOUSING NEEDS ASSESSMENT

Assuring the availability and adequacy of decent, affordable housing is an important goal for the City of Riverside. To that end, the Needs Assessment describes and analyzes population, household characteristics, and the housing stock in an effort to determine the nature and extent of the city's specific housing needs. Later sections of this Element address goals, policies, and programs to address the City's identified housing needs.

The Riverside General Plan identifies 24 Community Areas within the city's boundaries. However, the Community Areas are not totally consistent with census tract boundaries and thus cannot be used to tabulate demographic and housing data. As a result, this Housing Element subdivides the City into different housing planning areas along Census tract boundaries, so that housing needs can be identified and tracked over time.

The 24 Community Areas were combined into 10 consolidated Housing Planning Areas. Census tracts were assembled together based upon common demographics, existing housing needs identified by the Census, and development potential identified in the General Plan. Chart 1 and Exhibit 1 summarize the 10 Housing Planning Areas, corresponding Community Areas, and estimated population as of 1990.

Chart 1: Summary of Housing Planning Areas

Housing Planning Area	General Plan Communities within each Housing Planning Area	Approximate Population as of 1990 Census
#1	Downtown, Northeast, and Eastside	33,900
#2	University Community Area, Hunter Industrial	17,400
#3	Canyon Crest, Mission Grove, Orangecrest	16,100
#4	Alessandro Heights, Hawarden Hills, Victoria	16,300
#5	Arlington Heights, South, and Presidential Park	13,000
#6	South portions of Arlanza/La Sierra	19,900
#7	Northeast areas of Arlanza/La Sierra	24,000
#8	Central areas of Arlanza/La Sierra	23,200
#9	Arlington, Ramona, and Casa Blanca	34,100
#10	Airport, Magnolia Center, and Wood Streets	27,800

Include Map

A. Population Characteristics

Population characteristics affect the type and amount of housing need in a community. Issues such as population growth, age characteristics, race/ethnicity, and employment trends combine to influence the type of housing needed and ability to afford housing. This section details the various population characteristics affecting housing needs.

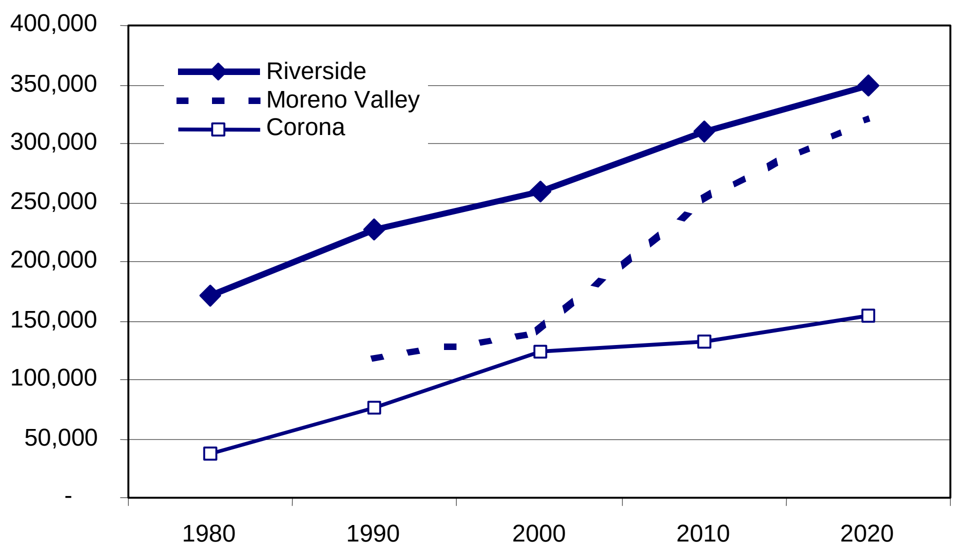
1. Population Trends

Over the past half century, Riverside has undergone extensive transformation. Once an agricultural community of less than 50,000 persons in 1950, Riverside has grown to become the 11th most populated community in California as of Year 2000. This expansive growth brings changes in age characteristics, race and ethnicity, household income, and other population characteristics that affect housing need.

The State Department of Finance estimates Riverside's population to be 259,738 as of January 1, 2000. This represents an approximate 15% increase over the 1990 Census figure of 226,505 persons. Chart 2 compares population growth rates of Riverside with neighboring jurisdictions in western Riverside County. Surrounding cities of Moreno Valley and Corona also experienced appreciable population growth.

The City has significant growth potential beyond the 2000- 2005 planning period for the Housing Element. Based upon current boundaries, Riverside will experience future population growth of approximately 100,000 persons through the Year 2020. Population growth beyond Year 2020 would require significant annexations in the Sphere of Influence, although the development potential is yet to be determined.

Chart 2: Population Growth Trends



2. Age Characteristics

Housing demand is affected by the age characteristics of a community. Traditionally, young adults prefer apartments, condominiums, and smaller single family units that are affordable. Middle aged adults typically prefer larger homes as they begin to raise families and children. However, as children leave home, older seniors often trade-in for smaller, moderate-cost condominiums and smaller single-family units.

In 1980, the median age was 27.7, significantly below the County median of 31.6. By 1990, however, the median age of Riverside's residents had risen to 29.2 – just below the 31.5 County median age. As shown below in Chart 3, there has been an increase in all age groups residing in Riverside. However, the proportion of middle age adults has increased slightly faster than corresponding increases in younger adults and children. The sum total is a slight increase in the median age.

Different age groups tend to reside within different neighborhoods in Riverside. Housing Planning Areas #9 and #10 have the highest share of seniors at 13% of their area's population. Within Housing Planning Area #2, younger adults ages 18 to 24 comprise 34% of the population –twice the proportion of other areas. Young adults ages 25 - 44 are spread evenly in Riverside. Meanwhile, Housing Planning Areas #3 and #4 have the highest share of adults between 45-64.

Several trends could become apparent over the next decade, from 2000 to 2010. According to interviews from university officials, the City's student age population should increase by nearly 10,000 persons, many of whom will reside in Riverside. Moreover, the large increase in seniors is expected to continue into the future.

Chart 3: Age Characteristics and Trends

Age Groups	1980 Census		1990 Census		Percent
	Persons	Percent	Persons	Percent	
Preschool (Ages 0-4)	14,240	8%	20,493	9%	44%
School Age (5-17)	35,478	21%	45,173	20%	27%
College Age (18-24)	25,499	15%	30,133	13%	18%
Young Adults (25-44)	50,649	30%	76,924	34%	52%
Middle Age (45-64)	30,031	17%	33,516	15%	12%
Senior Adults (65+)	14,979	9%	20,266	9%	35%
Total	170,876	100%	226,505	100%	100%
Median	27.9		29.2		

Source: U.S. Census 1980, 1990

3. Race and Ethnicity

The City of Riverside, like most communities throughout southern California, has experienced changes in the race and ethnic composition over the past decade. From 1980 to 1990, Riverside's population increased by over 55,000 persons – bringing with it significant changes in the racial-ethnic composition of residents. Chart 4 summarizes these changes in race and ethnicity from 1980 to 1990.

Almost half the City's population increase was due to a 31,000 increase in Hispanics. Whites also increased by approximately 13,000 persons, but declined from 74% to 61% of the population. In particular, Asians grew by over 10,000 persons and increased to 5% of the City's population. African-Americans increased by over 4,000 persons, although they remained at 7% of the City's population.

Although many neighborhoods show race-ethnic distributions similar to the city as a whole, different groups tend to be more concentrated in the following areas:

- Hispanics tend to be more heavily concentrated within Housing Planning Areas #2 and #5, comprising over 40% of these areas.
- African-Americans are more heavily concentrated in Housing Planning Areas #1 and #2, comprising 10-15% of these areas.
- Asian-Americans are more heavily concentrated in Housing Planning Area #1 and #10, comprising 8-12% of those areas.
- Whites are dispersed throughout the City of Riverside and comprise 50% to 80% of most areas, except Housing Planning Area #2.

Post-1990 Census data show the above trends continuing through the next decade. The 1994 American Housing Survey showed a decline in White households and increase in Hispanic households from 1990 to 1994. This trend is reflected in Riverside's K-12 schools, where White children declined from 50% to 44%, while Hispanic children increased from 35% to 41% from 1994 through 1998.

Χηαρτ 4: Ραχε ανδ Ετηνιχιτψ

Race/Ethnicity	1980		1990	
	Persons	Percent	Persons	Percent
White	125,696	74%	138,746	61%
African-American	11,443	7%	15,896	7%
Hispanic	27,604	16%	58,826	26%
Asian-American	963	<1%	11,120	5%
All Other	5,170	3%	1,917	1%
Total	170,876	100%	226,505	100%

Source: U.S. Census 1980, 1990

4. Employment Market

The Riverside-San Bernardino metropolitan region, like other areas across the southland, underwent significant economic changes during the 1990s. Base closures and realignment, defense industry layoffs, slowdown in the manufacturing and construction sectors, and the rising levels of unemployment characterized the Inland economy through the early 1990s. Recent years have seen improvement.

Chart 5 illustrates changes in the unemployment rate among Riverside residents from 1990 through 1998. In 1990, Riverside's unemployment rate was estimated at 6.9% according to the Employment Development Department. However, as the economy receded during the 1990s, unemployment increased to 12% by 1992-1993. Thereafter, the regional economy began to improve – pushing unemployment downward to 7.0% by 1998. The economic recovery should continue well through the Year 2000.

Chart 5:
Unemployment Rate

The type of jobs held by residents has remained stable over the 1980 to 1990 period. As shown below in Chart 6, most types of occupations increased significantly in number, but the changes were proportional. The sales, technical, and administrative category comprise the majority (32%) of occupations held by Riverside residents. This is followed by managerial and professional occupations with 26% of all jobs. Services, production, craft/repairs, and labor occupations comprise 12% to 15%.

Χηαρτ 6: Εμπλοψμεντ Προφιλε

Occupations of Residents	1980		1990	
	Persons	Percent	Persons	Percent
Managerial/Professional	19,196	25%	27,254	26%
Sales, Technical, Admin.	24,748	32%	33,017	32%
Service Occupations	9,998	13%	12,324	12%
Production/Crafts/ Repair	10,635	14%	14,057	14%
Operators, Fabricators, Labor	10,519	14%	15,323	15%
Farming, Forestry, Fishing	1,372	2%	1,891	2%
Total	76,468	100%	103,866	100%

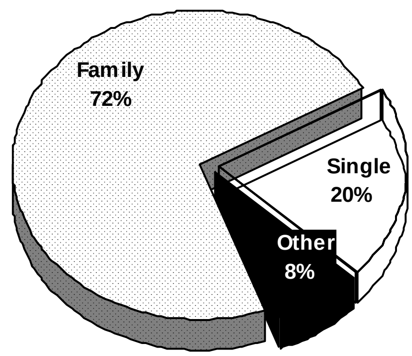
Source: U.S. Census 1980, 1990

B. Household Characteristics

Household type and size, income levels, the presence of special needs populations, and other household characteristics determine the type of housing needed by residents. This section details the various household characteristics affecting housing needs, while Section D discusses specific existing household needs identified by SCAG.

1. Household Type

Chart 7: Household Type



The State Department of Finance estimates that the City of Riverside has 81,322 households as of January 2000. According to the Census, the majority of the City's households are families (72%). Of that total, 42% are families with children under age 18. Single households comprise the second largest group at 20%. Other households, which include unrelated persons living together, comprise the remaining 8% of households in Riverside.

A household is defined as all people who occupy a housing unit. Because of this definition, it should be noted that the Department of Finance and Census Bureau do not include persons living in group quarters, such as students, persons living in convalescent homes, and other group quarter arrangements, as households. Although counted under population, they are not counted as a distinct "household."

Although the distribution of families versus nonfamilies remained the same from 1980 to 1990, a significant change occurred in the category of "other" households. "Other" families, the largest share of which are single parents with children, increased 53% while "other" nonfamilies increased 64%. These two categories consist of households with lower median income than other categories.

Chart 8: Household Characteristics

Household Type	1980		1990		Percent Increase
	Number	Percent	Number	Percent	
Households	60,964	--	75,463	--	24%
Families	43,908	72%	54,030	72%	23%
Married With Children	18,322	30%	23,149	31%	26%
Married No Children	17,035	28%	17,816	24%	5%
Other Families	8,551	14%	13,065	17%	53%
Non-Families	17,056	28%	21,433	28%	26%
Singles	13,463	22%	15,542	20%	15%
Other	3,593	6%	5,891	8%	64%

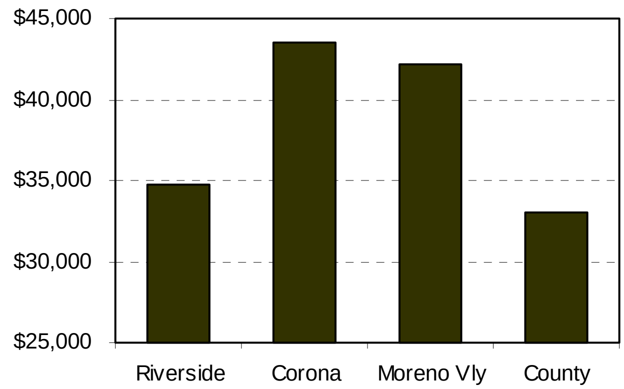
Source: U.S. Census 1980: 1990

2. Household Income

Household income is the most important factor affecting housing opportunity, determining a family's ability to balance housing costs with basic necessities of life. Income levels can vary considerably among households, based upon tenure, household type, location of residence, and race/ethnicity among others.

As of the 1990 Census, Riverside residents earned a median household income of $34,801. As shown in Chart 9, the median household income was $43,500 in Corona, $42,200 in Moreno Valley, and $33,100 countywide in 1990. In 1994, the American Housing Survey showed that the City's median income had fallen to $31,800, likely a reflection of the recession. However, the recovery in the Inland economy should improve household income.

Chart 9: Household Income



In analyzing the income distribution among households in communities, SCAG groups households into different categories by income and tenure. Income categories are determined as a percentage of the median family income for the entire Riverside-San Bernardino region, which is then adjusted for family size. The four categories are very low, low, moderate, and upper or above moderate income.

Chart 10 details the income distribution of renters and homeowners in Riverside as estimated by SCAG in 1998. Renter households have a significantly lower income distribution than homeowners. As shown below, renter households have approximately 2.5 times the share of very low income households as owners, and only one-third the proportion of upper income households as homeowners.

Χηαρτ 10: Ηουσεηολδ Ινχομε Προφιλε

Income Group	Percent of County MFI	Income Threshold (1)	Total	Renters	Owners
Very Low	00-50%	< $23,600	20%	34%	10%
Low	51-80%	< $37,750	16%	21%	11%
Moderate	81-120%	< $56,653	21%	23%	20%
Upper	120%+	Above	43%	22%	59%
Total			100%	100%	100%

Source: Southern California Association of Governments (1998)
(1) Income threshold for family of four

Income Differences.

Although aggregate data are useful for identifying broad patterns, closer analysis shows that income varies considerably by neighborhoods within Riverside, with lower income areas in primarily multifamily districts or areas that have a higher proportion of minorities. As shown below and in Exhibit 2,

- Lower income households tend to be concentrated in Housing Planning Areas #1 and #2. These communities have the highest proportion of students, nonfamily households, and minority households – all of which tend to be more associated with lower incomes.
- Upper income households tend to be more concentrated in Housing Planning Areas #3, #4, and #7. Households in these areas are predominantly homeowners, living in lower density single family home neighborhoods – many of them in newer subdivisions.
- Moderate income households are concentrated in Riverside's central communities, located just north of and adjacent to the 91 Freeway. These tracts have a larger share of medium density residential zones and therefore have a higher proportion of moderate income renters.

Income also varies by household type (Chart 11). For instance, over one-half of senior households in Riverside earn lower income (defined as less than 80% of median family income) with a high proportion (16%) earning extremely low incomes. A high proportion of large households are also lower income which, coupled with a limited supply of large affordable units, translates into higher overcrowding rates.

"Other" households consist of non-senior persons living alone or unrelated persons living together, such as students, younger adults, and unrelated persons doubling up. Next to seniors, "other" households have the next highest proportion of lower income households, and the highest proportion of extremely low income households. This is an indicator of potential overpayment issues discussed later in this Housing Element.

Χηαρτ 11: Ηουσεηολδσ Εαρνινγ Λοωερ Ινχομε

Household Type	Extremely Low Income	Very Low Income	Other Low Income	Total Low Income
Seniors (62+)	16%	18%	18%	52%
Small Related (2-4)	7%	7%	13%	27%
Large Related (5+)	7%	11%	19%	38%
Other Households	17%	11%	16%	44%
Total	11%	10%	16%	36%

Source: Comprehensive Housing Affordability Strategy (1990)

Insert Map of City
with Income Areas

3. Special Needs Groups

Certain groups have more difficulty in finding decent, affordable housing due to their special circumstances. Special circumstances may be related to one's income earning potential, family characteristics, the presence of physical or mental disabilities, or age-related health issues among others. As a result, certain groups typically have higher rates of low income, overpayment, or overcrowding.

State Housing Element law defines "special needs" groups to include the following: senior households, disabled persons, large households, single parent families with children, farmworkers, and people who are homeless. Because of Riverside's unique location and its home to several colleges, the city has many college students. Thus, this analysis will also address the special housing needs of students.

Because this Housing Element is nearly a decade past the 1990 Census, estimating the magnitude of certain special needs groups is difficult. Current estimates below rely on 1990 Census figures unless otherwise stated. Despite the uncertainty over the magnitude of special need groups, the types of housing need remain the same. Chart 12 below summarizes the largest special needs groups in Riverside.

Χηαρτ 12: Σπεχιαλσ Νεεδσ Συμμαρψ

Special Need Groups	Persons	Households	Percent of City
Seniors (65 years or older)	n.a.	12,337	16.3%
Disabled (16 years and older)			
Work Disability	10,555	n.a.	7.3%
Mobility Limitation	5,414	n.a.	3.3%
Self-Care Limitation	6,770	n.a.	4.1%
Mobility/Self Care	9,673	n.a.	5.9%
Single Parents with Children			
Mothers with Children	n.a.	6,479	8.6%
Fathers with Children	n.a.	2,036	2.7%
Subfamilies Doubled Up	n.a.	2,591	3.4%
Large Households	n.a.	12,156	16.1%
Homeless Persons (1)	3,388	n.a.	1.5%
Students (2)	45,100	n.a.	19.9%
Farmworkers(3)	215	n.a.	<1%

Source: U.S. Census Bureau 1990.

1. Riverside County Continuum of Care
2. Interviews with college representatives
3. Farming, forestry, fishing category in the 1990 Census refers to 1,891 persons, of which over half are gardeners or groundskeepers. Farmworker labor constitutes only 215 persons.

Senior Citizens.

Senior households have special housing needs due to three primary concerns – income, health care costs, and physical disabilities. First, most seniors are retired and thus have relatively lower, fixed incomes. At the same time, however, their health-related costs are increasing as they gradually become older. Some seniors have become disabled, either through mobility or self-care limitations, and thus require special home care or assistance with daily chores and home tasks.

According to the 1990 Census, approximately 16% of Riverside's households are seniors, defined here as 65 years old and above. The total population of seniors in Riverside is 20,440. Of that total, 8,947 were owners; 3,430 were renters. Some of the special needs of seniors are as follows:

- ✔ **Disabilities**. Of the total senior population, approximately one in six have a self-care or mobility limitation, defined as a condition lasting over six months which makes it difficult to go outside the home alone or take care of one's personal needs. Despite their disabilities, over 25% of seniors live alone at home. Disabilities are discussed in detail under the following needs groups.

- ✔ **Limited Income**. Seniors have limited income for health expenses. Because of their retired status, 1 of 3 senior households earn extremely low or very low income, defined as below 30% and 50% of the median family income. For a one-person household, the HUD income limits are approximately $10,000 for an extremely low income person and $15,000 for a very low income person.

- ✔ **Overpaymen**t. Because of their income-expense profile, 1/3 of senior households overpay for housing. Of that total, more than half who overpay for housing are spending more than 50% of their income for housing costs. As a result, these seniors have limited financial resources left over for other basic necessities of life, the largest portion of which is often medical care.

Various housing services are offered for senior households living within the community. For instance, the City offers assisted multifamily housing for approximately 560 senior households. However, the majority of units (approximately 400) are currently at risk of being converted from affordable rent levels to market rates. In accordance with State law, an analysis of the alternatives for maintaining continued affordability on these affordable multifamily units is included later in this Housing Element.

The City of Riverside offers other housing support services. For instance, the City offers a shared housing program to provide alternative living situations which minimize living expenses for special needs persons, including the senior population. The City cooperates with the Riverside Center for Independent Living to provide living arrangements tailored to the special needs of disabled persons.

Disabled Persons.

Riverside is home to a number of people who have personal disabilities that prevent them from working, restrict their mobility, or make it difficult to care for themselves. This section describes the magnitude of special needs groups residing within Riverside as well as the housing related services available.

- ✔ Work disability: refers to a condition lasting over six months which restricts a person's choice of work and prevents them from working full-time. Approximately 7% of Riverside residents have a work disability.
- ✔ Mobility limitation: refers to a physical or mental condition lasting over six months which makes it difficult to go outside the home alone. Approximately 3% of Riverside residents have a work disability.
- ✔ Self-care limitation: refers to a physical or mental condition lasting over six months that makes it difficult to take care of one's personal needs. Approximately 4% of Riverside residents have a self care disability.

Disabled persons may require special services to enable them to live independently. For instance, disabled persons may require special housing design features such as wheel chairs, holding bars, special bathroom designs, wider doors, and other design features or perhaps income support services. To respond to these needs, the City offers a shared housing program while also working with the Riverside Center for Independent Living to provide alternative living arrangements.

For persons unable to live in an independent setting or needing additional care, Riverside complies with the Lanterman Developmental Disabilities Services Act. The City allows State-authorized, certified, or licensed family care homes, foster homes, or group homes serving six or less disabled persons in all residential zones. Chart 13 provides a summary of these facilities in the City of Riverside.

Chart 13: Licensed Community Care Facilities

Type of Facility	Sites	Capacity	Type of Disability			
			Mental	Develop.	Physical	Other
Small Family Home	17	79	7	66	6	--
Group Home	38	378	--	--	7	371
Adult Residential	82	720	339	381	--	--
Elderly Residential	78	2,069	--	--	--	2,069
Adult Day Care	7	251	42	194	--	15
Total	222	3,497	388	641	13	2,455

Source: State Department of Social Services, Community Care Licensing Division (2000)

Small family homes provide care to children in licensees' own homes.
Group homes provide specialized treatment for persons under 18.
Adult residential facilities provide care for adults between ages 18 and 59.
Elderly residential facilities provide care for persons age 60 and above.

Single Parents.

Single parent households often require special consideration and assistance as a result of their greater need for affordable housing and accessible day care, health care, and other supportive services. Because of their relatively lower income and higher living expenses, single parent households usually have more limited opportunities for finding affordable, decent, and safe housing. Therefore, single parents are considered to be one of the most at-risk types of households.

Riverside is home to an estimated 8,515 single parents with children under age 18 or approximately 11% of all households. Three-quarters are single females with children; one-quarter are single males with children. Single parent families with children are vulnerable, since they must balance the needs of their children with work responsibilities. As a result, 34% of female headed families with children under 18 live in poverty, while 49% of families with children under age 5 live in poverty.

Another vulnerable subgroup of single parent families are “subfamilies” with children. Subfamilies with children include single parents or grandparents with children who are living with another family. Riverside is home to 2,591 subfamilies with children. Although income statistics are not available for this group, they are vulnerable to the point that they must double up to save income for other basic necessities. In some cases, subfamilies double up to share in child rearing responsibilities also.

Large Households.

Large households are defined as households which have five or more members. The 1990 Census reported that 12,156 large households lived in Riverside. Large households have special housing needs because of the limited availability of adequately-sized and affordable housing units. As a result, many large households may live in overcrowded conditions and in turn, unit deterioration can be accelerated. If not, these families may live in situations where they are overpaying for housing.

The inventory of housing suitable for large families can be estimated from the Public Use Microdata Sample of the 1990 Census. In 1990, Riverside had an inventory of 15,000+ large homes with four or more bedrooms -- more than adequate to accommodate the 7,266 large owner households. However, there was a shortage in supply of large renter units. Only 1,100 large multifamily apartments with three or more bedrooms were available to accommodate 4,890 large renter families.

Although an ample supply of large family housing exists, the housing may not necessarily be priced affordably: 33% of large family homeowners overpaid and 30% lived in overcrowded conditions. Meanwhile, 45% of large renter households overpaid and 59% were overcrowded. To increase housing availability, the City is involved in the acquisition, rehabilitation, and reconfiguration of small multifamily units into larger units and is also considering policies to encourage rental construction of large family units.

Homeless Persons.

As the County seat, Riverside is home to a high concentration of homeless people. Estimates of the homeless population range widely. Using a national average factor of 0.5% and current city population estimates, there would be 1,300 homeless persons in Riverside. However, a 1991/92 annual prevalence survey conducted by Riverside County estimated 3,400 homeless persons were in Riverside. The County's estimate is 17 times the estimate in the Census Bureau's one-night survey in 1990.

In 1991/92, the majority of homeless in Riverside were Whites (51%), followed by 27% Hispanic, 12% African American, and 7% other. Approximately 82% are homeless single men. According to a statewide needs assessment conducted by the UCLA Drug Abuse Research Center, approximately 33% of the homeless people statewide suffer from mental illness, 50% have a current substance problem, and 70% will have a substance problem sometime during their lifetime.

To address homelessness in Riverside, the City is working with various County, State and Federal agencies to implement the Federal Continuum of Care Program. Facilities are shown in Chart 14. These steps include the following:

(1) ***Outreach, Intake and Assessment*** – designed to reconnect an individual or family to needed support services such as public benefit, rent or utility assistance, employment, counseling, and physical and mental health care.

(2) ***Shelter Phase*** – designed to bring homeless persons into emergency shelters and later transitional shelters, where case managers link clients to network of supportive services (see Chart 14);

(3) ***Permanent Housing*** – designed to transition homeless persons into permanent housing with child care, drug treatment, job training, and other supportive skills needed to reintegrate into community life.

Chart 14: Homeless Facilities in Riverside

Type of Facility	Beds	Facility		
		Clients	Type	Notes:
Alternatives	12	Family	E	Domestic Violence
First Step House	12	Men	E/T	Drug/Alcohol
I Care Shelter	30	All	E	General
Lutheran Social Services	40	All	T	---
Nelson House	15	Men	E	Substance Abuse
Operation Safehouse	26	Youth	E/T	--
Riverside Armory	150	Family	E	--
Men's Shelter	50	Men	E	--
Recovery Resources	12	Women	E	Substance Abuse
Whiteside Manor	48	Family	T	Dually Diagnosed

Notes: E= Emergency; T=Transitional

College Students.

College student population is also a special housing need in Riverside. Although students represent a temporary housing need, the impact upon housing demand in the immediate university areas can be significant. Heightened demand for multifamily housing will cause vacancies to decline, pushing rental rates higher. At the same time, many students work part-time and have limited income. Therefore, it is not uncommon for students to double up to save enough income for other needs.

Riverside is home to several public colleges with very large student populations. Riverside Community College is estimated to have approximately 30,000 full and part-time students attending campuses in Norco, Riverside, and Moreno Valley. In keeping with the intent of the community college system to serve local needs, however, the majority of students are typically part-time, many of whom are younger persons living with parents. Therefore, most of the housing demand is currently met.

Riverside is also home to the University of California and several private colleges. UCR representatives indicate that enrollment will increase from 13,000 as of 2000 to 18,000 students by 2010. As of 1998, UCR provides various on and off- campus housing for 2,568 persons in residence halls, student apartments, or family housing. An additional 460 beds are currently being built and will be ready for occupancy during the 2000-2001 school year for a total inventory of 3,036 beds.

La Sierra University is a private university branch of Loma Linda University which is located in the Arlanza and La Sierra Community. Total enrollment for Loma Linda University is 3,500 students with 4% of students enrolled at the La Sierra Campus. However, most of the housing demand is probably met through the main campus. In addition, Riverside is home to California Baptist University with an enrollment of approximately 1,000, of which most students are housed on-campus.

The 1989 Housing Element noted the same shortfall in college dormitory housing. However, the problem was in part alleviated by the Inland Economic recession. The apartment building boom during the mid-late 1980s, coupled with the Inland economic recession in the early 1990s depressed rental demand and market rents. These factors provided a ready supply of available and low cost rentals for college students, thus alleviating the need for dormitories and other student housing.

With the gradual recovery of the economy in 1999-2000, similar economic conditions noted in the 1989 Housing Element may begin to emerge again within Riverside. Rental vacancies are continuing to decline, placing an upward pressure on rents. With projected increases in enrollment at UCR and other private colleges coupled with declining rental vacancy rates, a significant shortage of dormitories and affordable rental units in the immediate vicinity of colleges may be anticipated.

To address the need for student housing, this Housing Element contains policies to promote and encourage the provision of adequate rental housing within neighborhoods and areas surrounding colleges and universities.

Farmworkers.

Historically, Riverside was home to a sizable citrus industry. Over the past fifty years, however, Riverside has gradually transformed into a more urbanized area and many groves have been converted to other uses. According to the 1990 Census, there are 1,891 persons employed in the farming, forestry, and fishing occupations. However, over half the jobs are gardeners and groundskeepers. Farm-worker labor constitutes only 215 persons. No data is available on seasonal or migrant labor.

The Riverside Zoning Ordinance allows for agricultural caretaker living quarters to be established in the Residential Agricultural Zone (RA). These quarters are subject to a CUP and occupancy is limited to the agricultural caretaker and his or her family. However, because of their relatively small number, farm-worker housing needs can be met through existing affordable housing, either through federally subsidized multifamily housing or through other affordable housing opportunities in Riverside.

C. Housing Stock Characteristics

This section of the Housing Element addresses various housing characteristics and conditions that affect the well-being of Riverside's residents. Housing factors evaluated include the following: housing stock and growth, tenure and vacancy rates, age and condition, and housing costs among others.

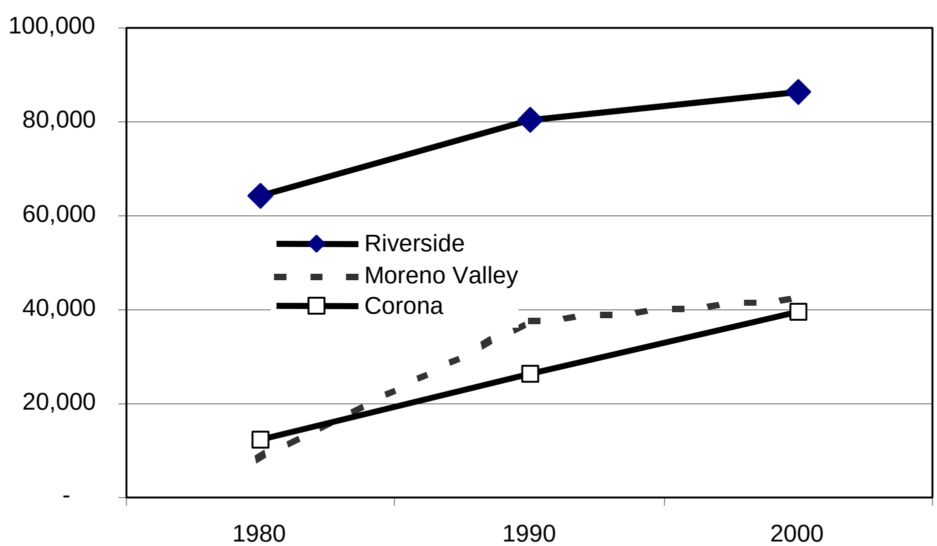
1. Housing Growth

In 1990, Riverside had a total of 80,240 housing units -- a 25% increase over 1980. The City's aggressive policy of annexing the uncommitted vacant and agricultural land in and around the City has provided the land resources needed to support dramatic residential growth during the 1980s. During that period, approximately 3,500 acres of primarily uncommitted land was annexed and four specific plans with a combined potential for the development of 10,000 housing units were approved.

According to the State Department of Finance, Riverside's housing stock consists of an estimated 86,469 homes as of January 1st, 2000. This represents an approximately 8% increase since 1990. Chart 15 compares housing growth rates of Riverside with those in immediately adjacent communities. The surrounding cities of Moreno and Corona also experienced appreciable housing growth.

The City has significant growth potential beyond the 2000-2005 planning period. Over the next decade, Riverside should again experience significant housing growth. According to the Southern California Association of Governments, Riverside's population is expected to see continued increases (approximately 25%) over the next ten years, bringing with it parallel growth rates in building activity.

Chart 15: Housing Growth Trends



2. Housing Type

A certain level of diversity in the City's housing stock is an important factor in ensuring adequate housing opportunity for Riverside's existing and future residents. A more diverse housing stock helps to ensure that all households, regardless of their particular income level, age group, and/or family size, have the opportunity to find housing that is best suited to their lifestyle needs.

Chart 16 below illustrates the type and size of housing available in Riverside. As shown below, single family homes comprise approximately two-thirds of Riverside's housing stock, with single family attached units, such as townhomes and condominiums, comprising only 4% of the City's housing stock. Multifamily units comprise 30% of the housing stock, with the majority in complexes with 5+ units. Mobile-homes and other units comprise the remaining 3% of the housing stock.

Over the 1990s, new multifamily construction was sparse. The economic recession, military base closures, and real estate market crash depressed the market for multifamily housing. At the time, federal tax credit legislation in the late 1980s fueled a building boom, contributing to an oversupply during the early 1990s. With the gradual economic recovery during 2000, housing demand is returning, although the impact of recent successive hikes in the interest rate could dampen demand.

According to the 1990 PUMS, Riverside had an inventory of approximately 15,000+ large homes with four or more bedrooms – enough to accommodate the 7,266 large owner households. However, there was only 1,100 large multifamily apartments with three or more bedrooms to accommodate the City's 4,890 large renter families. As evaluated later in the Housing Element, this shortage of large rental units may contribute to rising housing costs, household overcrowding and overpayment.

Chart 16: Housing Characteristics

Housing Type	Dwelling Units [1]		Bedrooms by Unit Type[2]		
	Number	Percent	0-1	2	3+
Total	86,469	100%	20%	28%	52%
Single Family	57,889	67%	6%	18%	76%
Detached	54,485	63%	5%	17%	78%
Attached	3,404	4%	20%	37%	43%
Multifamily	25,639	30%	52%	44%	4%
2–4 units	5,287	6%	43%	50%	7%
5+units	20,352	24%	54%	42%	4%
All Others	2,941	3%	21%	68%	11%

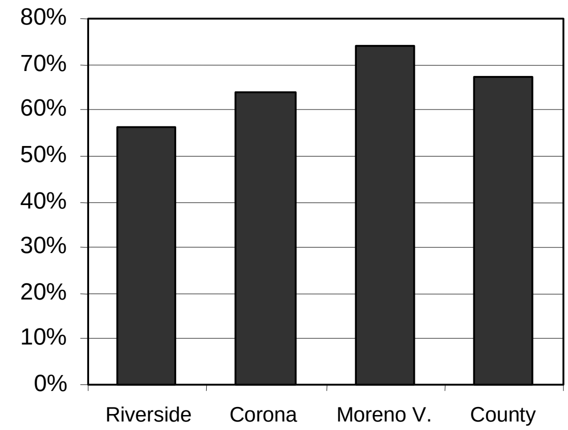
Source:
1. State Department of Finance, 2000.
2. Public Use Microdata (1990 Census)

3. Housing Tenure

Housing tenure refers to whether a housing unit is owned, rented or is vacant. Tenure is an important indicator of well-being in a given community, because it reflects the cost of housing and the ability of residents to own or rent housing. Moreover, the tenure distribution influences several other aspects of the local housing market, including turnover rates and housing costs among others.

The homeownership rate among Riverside households is 57% according to the 1990 Census. As shown in Chart 17, the homeownership rate of surrounding communities is significantly higher at 64% in Corona, 74% in Moreno Valley, and 67% in the county as a whole. Riverside's lower homeownership rate is due to the location of major universities, the City's proximity to employment centers, and higher land costs which results in a higher demand for multifamily housing. Many other communities are bedroom communities.

Chart 17: Homeownership Rate



Vacancy rates are a key indicator of housing need. A certain number of vacant units are needed in any community to moderate the cost of housing, allow for sufficient housing choices for residents, and provide an incentive for landlords and owners to maintain and repair their housing units. SCAG considers the optimal vacancy rate to range from 1.5% to 2% for homeowners and 5% to 6% for multifamily units.

Chart 18 illustrates changes in the vacancy rate for the City of Riverside. In 1990, Riverside's housing vacancy rate was 6.5% for renters and 2.8% for homeowners, for a total vacancy rate of 4.5%. In the years between the census, however, the economic recession caused vacancies to increase. According to the 1994 American Housing Survey (AHS), the overall vacancy rate increased to 7%. No reliable estimates from the Census are available of the vacancy rate after 1994.

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Tenure	1990	1994	1998
Rental Vacancy	6.5%	16%	n.a.
Owner Vacancy	2.8%	1%	n.a.
Total Vacancy	4.5%	7.6%	n.a.

Source: 1990 U.S. Census
1994 American Housing Survey

4. Housing Age and Condition

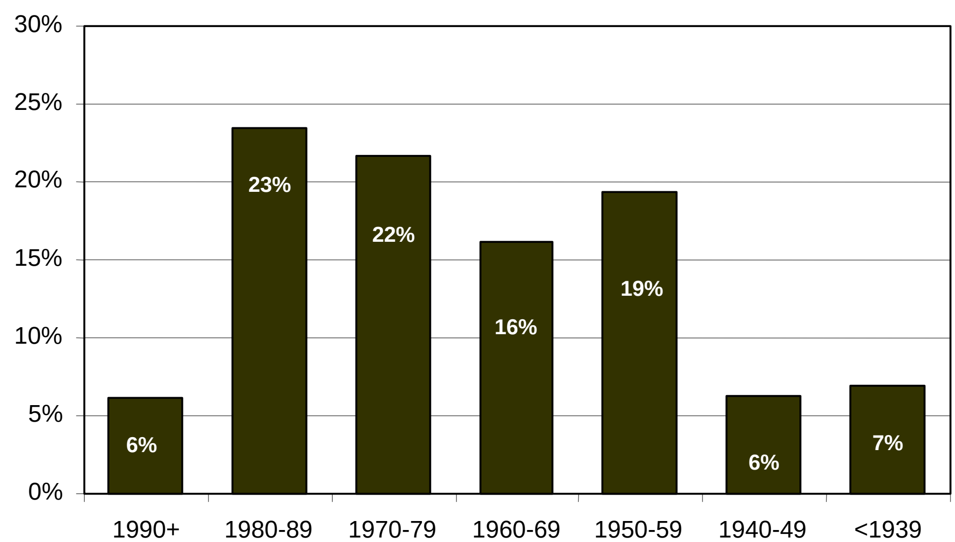
Housing age is an important indicator of housing condition within a community. Like any other tangible asset, housing is subject to gradual deterioration over time. If not maintained, housing can deteriorate and depress neighboring property values, discourage reinvestment, and eventually impact the quality of life in a neighborhood. Thus maintaining the quality of housing is an important goal for Riverside.

Chart 19 below summarizes the distribution of housing by the year built in Riverside. As of the 1990 Census, half the City's housing was at least 30 years old, with two-thirds of the City's housing reaching 30 years old by the Year 2000. A general rule of thumb in the housing industry is structures older than 30 years typically begin to show signs of deterioration and require major reinvestments to maintain quality. The median age of over one-third the City's tracts will be 50 years by the Year 2000.

Neighborhoods within Riverside vary significantly with respect to the age of the housing. As discussed below, the following trends are evident:

- Portions of the Housing Planning Areas #1 and #2 have the oldest housing stock; these areas have a high share of homes over 50 years old.
- Housing built during the 1950s-1960s appear to be concentrated primarily around the 91 Freeway, and include the Housing Planning Areas #9 and #10.
- The newest housing stock is located primarily on the periphery areas of Riverside in Housing Planning Areas #3 and #4.

Chart 19: Year Housing Was Built

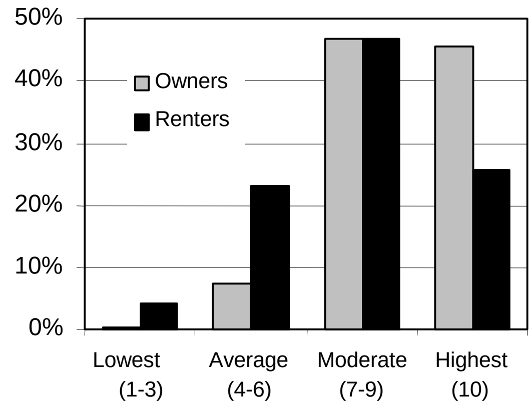


Structural Conditions

Although housing age can be used to infer housing conditions, a more accurate way of assessing structural conditions is through a detailed survey. The 1994 American Housing Survey (AHS) provides an excellent snapshot of housing conditions in the Riverside-San Bernardino metropolitan area as well as in the City of Riverside.

The American Housing Survey asked households to rank the condition of their building using a ten- point ordinal scale. Vacant units were not included in the survey. This was a subjective survey with no definitions as to what conditions merited a particular rank. Chart 20 groups these rankings into four levels and presents the results by tenure. The majority of residents rated their buildings favorably, albeit renters have lower levels of overall satisfaction. Less than 5% of households rated their buildings in the poorest condition.

Chart 20: Housing Conditions



Buildings typically have a certain amount of deficiencies that are typically addressed in the course of normal maintenance and repair. For instance, the American Housing Survey showed that approximately 10% of Riverside's households reported interior or exterior leakage, 3% to 5% reported utility breakdowns (e.g., water stoppage, heating equipment, or plumbing), and 5% reported some signs of vermin.

Although most residents rated the condition of their homes favorably, a small percentage of housing units were reportedly in substandard condition (see Chart 21). As shown below, approximately 2.7% of households reported moderate or severe structural deficiencies. Vacant or uninhabitable units were not counted here; therefore, the total number of deficient structures is probably slightly higher.

Chart 21: Estimate of Substandard Buildings

Physical Problems	Moderate Problems	Severe Problems	Total	Percentage of Total
Total	1,400	900	2,300	2.7%
Plumbing	300	--	300	.4%
Heating	--	900	900	1.1%
Electric	---	--	--	--
Upkeep	900	--	900	1.1%
Hallways	--	--	--	--
Kitchen	100	--	100	.1%

Source: 1994 American Housing Survey

5. Housing Costs and Affordability

The cost of housing is directly related to extent of housing problems in a community. If housing costs are relatively high in comparison to household income, there will be a correspondingly higher prevalence of overpayment and overcrowding. This section summarizes housing costs for housing in Riverside and evaluates the affordability of the City's housing stock to low and moderate income households.

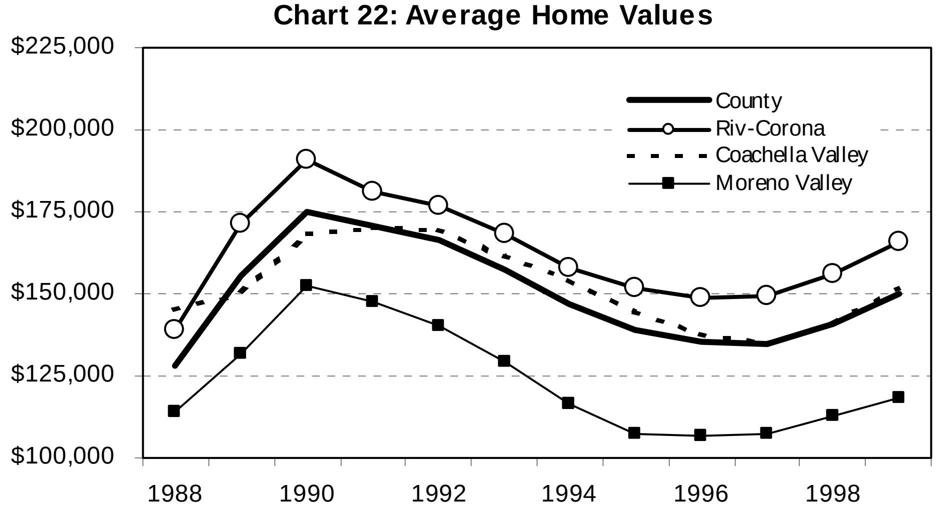
Home Prices

Southern California's real estate market has undergone tremendous change over the past decade. Low interest rates, federal tax policies, employment growth, migration, and real estate speculation spurred demand for housing across the region. According to the Real Estate Research Council of Southern California, the value of existing single family homes increased dramatically over the 1980s. Chart 22 shows changes in the average sales price of single family homes over the decade.

In the following years, California experienced a tremendous real estate crash as the impact of military base closures, overbuilt housing market, restructuring of the economy, and changes in federal tax policies spilled over into the housing market. Between 1990 and 1996, the median price of existing single family homes fell an average of 25% countywide, with sharper declines in Moreno Valley (30%) and lesser declines in the Riverside area (23%) and Coachella Valley (20%).

With improvement in the Inland economy, home values are recovering countywide, although the recovery differs across various portions of the County. In the eastern end of the County (Coachella Valley), home values have improved to approximately 90% of their existing value in 1990. The same trend is also evident for the Riverside-Corona area. However, home values in Moreno Valley have not improved as quickly – existing single family homes are selling at 80% of their 1990 value.

Chart 22: Average Home Values



Home Sales and Rent Survey

Surveys were conducted to determine the sales prices of homes sold in Riverside. The median prices for homes in the City of Riverside were obtained from the City's Metroscan database, which is derived from property tax assessor's files. In addition, a survey was conducted of various internet sites to determine the current rent levels charged in the City of Riverside. Results are summarized below in Chart 23.

As of 1998, Metroscan reported that the price for single-family homes ranges from a median of $66,500 for a one-bedroom unit to $180,200 for a five-bedroom home. This is based upon a survey of 4,000 homes sold during 1998. The median price range for condominiums was much tighter, ranging from $66,500 for a two-bedroom unit to $100,000 for a three-bedroom unit. Moreover, in contrast to single-family home sales, there is a considerably fewer number of condominiums sold and the majority of condominium sales were either two or three bedroom units.

Apartment rents range widely in Riverside: high end units can cost 2 to 3 times more than lower end units due to the quality of amenities offered and location of the unit. According to Spingstreet.com, an internet-based rental marketing service, the median rents for apartment units are as follows: $425 for a studio, $530 for a one-bedroom unit, $650 for a two-bedroom unit, and $825 for a three-bedroom unit.

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	Bdrms.	Units	Range	Median
Homes	1	20	$25,000 - $116,500	$66,500
	2	499	$26,250 to $430,000	$75,000
	3	2,065	$28,000 to $899,000	$106,000
	4	1,418	$31,000 to $978,000	$134,000
	5	152	$45,000 to $780,000	$180,200
Condos.	2	54	$20,000 to $266,000	$66,500
	3	75	$34,000 to $222,000	$100,000
	Bdrms.	**Bldgs**	**Range**	**Median**
Rentals	Studio	21	$265 - $585	$425
	1	53	$350- $948	$530
	2	55	$425-$1,125	$650
	3	17	$644-$1,325	$825

Source: Metroscan (1998); Springstreet.com (1998)

Housing Affordability

Housing affordability can be inferred by comparing the cost of renting or owning a home in Riverside with the maximum affordable housing costs to households which earn different income levels. Taken together, this information can provide a picture of who can afford what size and type of housing as well as indicate the type of households that would likely experience overcrowding or overpayment.

The Department of Housing and Urban Development (HUD) conducts annual household income surveys for the Riverside – San Bernardino metropolitan area. These income surveys are adjusted for differences in the type and size of a family. HUD uses these income levels to determine the maximum amount that a household could pay for housing and their eligibility for federal housing assistance.

Chart 24 below shows the annual income for very low, low, and moderate income households by the size of family and the maximum affordable housing payment based on the federal standard of 30% of household income. Standard housing costs for utilities, taxes, and property insurance are also shown. From these income and housing cost figures, the maximum affordable home price and rent is determined.

Chart 24: Housing Affordability Matrix (1999)

	Income Levels		Housing Costs		Max. Affordable Price	
Income Group	**Annual Income**	**Affordable Payment**	**Utilities**	**Taxes & Insurance**	**Home**	**Rental**
Very Low						
One Person	$16,500	$413	$50	$100	$42,000	$363
Small Family	$21,250	$531	$100	$100	$53,000	$431
Large Family	$25,500	$663	$150	$100	$66,000	$513
Low						
One Person	$26,450	$661	$50	$100	$81,000	$611
Small Family	$34,000	$850	$100	$100	$103,000	$750
Large Family	$40,800	$1,020	$150	$100	$122,000	$870
Moderate						
One Person	$39,650	$991	$50	$100	$134,000	$941
Small Family	$51,000	$1,275	$100	$100	$171,000	$1,175
Large Family	$61,200	$1,530	$150	$100	$203,000	$1,380

Notations:

1. Small Family = 3 persons; Large Families = 5 or more persons
2. Affordable rent based upon payments of no more than 30% of household income
3. Property Taxes and Insurance based on averages for the region.
4. Affordable home price is based on down payment of 10%, annual interest of 7.5%, a 30-year mortgage, and monthly payment of 30% of gross household income.

Affordability by Household Income

The previous chart showed the maximum amount that a household could pay for housing each month (e.g., rent, mortgage and utilities) without exceeding the federal 30% income-housing cost threshold for overpayment. This amount can be compared to current market prices for single-family homes, condominiums, and apartments to determine what types of housing opportunities a household can afford.

Very Low Income Households. Very low-income households in Riverside earn 50% or less of the County median family income -- between $16,500 to $25,500 depending on the size of the family. Based on financing criteria noted earlier, the maximum affordable home price for a very low-income household ranges from $42,000 to $66,000. Because the median price of most homes is $113,000, however, very low income households are typically limited to the rental market.

Average apartment rents in Riverside are as follows: $425 for a studio unit; $530 for a 1-bedroom unit; $650 for a 2-bedroom unit; and $825 for a 3-bedroom unit. These prices are the median rents and vary depending on the location of the rental. After deductions are taken for utilities, however, a very low income household can only afford to pay $363 to $513 in rent per month, depending on the family's size.

In practical terms, this means that a 1-person household could not afford an average priced studio apartment without overpayment. If roommates doubled up (e.g., such as students) to afford housing, they would also face overcrowding. A small family, would be forced to overcrowd and/or overpay to afford a studio or one bedroom unit. In the case of large families, they would face severe overcrowding and overpayment.

Low Income Households. Low-income households earn below 80% of the County's median income -- or $26,450 to $40,800 depending on the family's size. The maximum affordable home price thus ranges from $81,000 for one-person to $122,000 for a five-person family. Based on the sales data presented in Chart 21, low income households can afford the median sales price for an adequately sized home, however, they might need assistance with down-payment and closing costs.

Another opportunity for homeownership in the City of Riverside is condominiums. While more limited in number, condominiums present an even more affordable homeownership opportunity for low income households given the relative affordability of the City's for-sale housing. Downpayment assistance programs can also provide an effective mechanism to move low income household renters to homeownership.

Average apartment rents in Riverside are as follows: $425 for a studio unit; $530 for a 1-bedroom unit; $650 for a 2-bedroom unit; and $825 for a large 3-bedroom unit. These prices are the median rents and vary depending on the location of the rental. After deductions are taken for utilities, however, a very low income household can afford to pay between $611-$870 in rent per month, depending on the family's size. Thus renters of all sizes can afford an adequately sized apartment unit.

Moderate-Income Households. Moderate-income households can readily afford the home-ownership market in Riverside or rent an adequately sized apartment.

D. Regional Housing Needs

State law requires all regional councils of governments, including the Southern California Association of Governments (SCAG) to determine the existing and projected housing need for its region (Government Code Section 65580 et. seq.) and the share of needs allocated to each city and county within the SCAG region. This is called the Regional Housing Needs Assessment (RHNA).

1. Existing Housing Needs

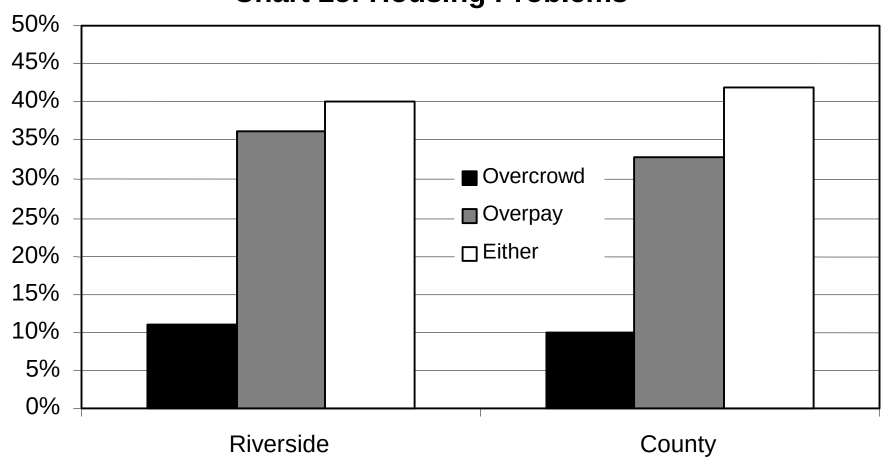
A continuing priority of communities is enhancing or maintaining their quality of life. A key measure of quality of life in a community is the extent of "housing problems." The Department of Housing and Urban Development and SCAG have developed an existing need statement that details the number of households which are paying too much for housing or are living in overcrowded units. These are defined below:

- **Overcrowding**: refers to a housing unit which is occupied by more than one person per room, excluding kitchens, bathrooms, hallways, and porches, as defined by the Federal Government.

- **Overpayment**: refers to a household paying more than 30% of their gross income for rent (either mortgage or rent), including costs for utilities, property insurance, and real estate taxes as defined by the Federal Government.

According to SCAG, an estimated 40% of Riverside's households are either overpaying for housing, living in overcrowded conditions, or have both problems. Overcrowding and overpaying is slightly higher in the City of Riverside than the County as a whole, but less than the SCAG region as a whole (Chart 25).

Chart 25: Housing Problems



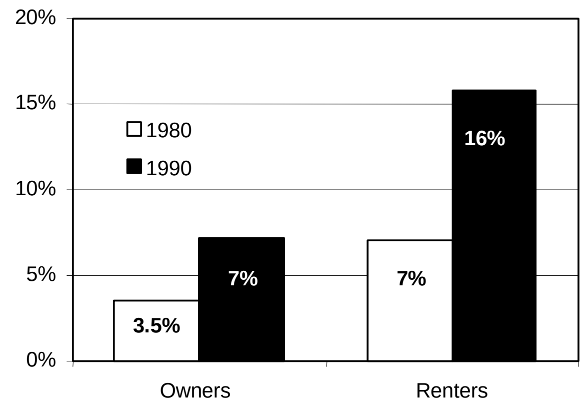
Source: Comprehensive Housing Affordability Strategy (1990)

Overcrowding

Overcrowding occurs when housing costs are so high relative to income that families double-up to devote income to other basic needs of food and medical care. Overcrowding also tends to result in more traffic, deterioration of homes, and a shortage of on-site parking. Therefore, maintaining a reasonable level of occupancy and alleviating overcrowding is an important contributor to quality of life.

Riverside's overcrowding rate has doubled over the decade, increasing from 5% in 1980 to 10% in 1990. Overcrowding is particularly prevalent for renters, increasing from 7% in 1980 to 16% in 1990 (Chart 26). Increasing rates of overcrowding are reflective of a housing market with slower growth in personal income coupled with increases in housing costs. These trends are occurring across the County, where the overcrowding rate is 10% overall, 6% for owners, and 18% for renters.

Chart 26: Overcrowding Rate



Analysis of Census data show that overcrowding tends to be concentrated in neighborhoods where there are predominantly minorities, lower income households, and/or renter households. Overcrowding is concentrated in Housing Planning Areas #1 and #8. Although Housing Planning Area #9 has a low overcrowding rate, the Casa Blanca community has the highest overcrowding rate at 31%.

Overcrowding rates also vary significantly by income, type, and size of household. Lower income households have the highest overcrowding rate at 17% (Chart 27). Regardless of income level or tenure, overcrowding is concentrated in large families, where 59% of renters and 30% of homeowners live in overcrowded conditions.

Χηαρτ 27: Ηουσεηολδ Οϖερχροωδινγ Προφιλε

Family Type	All Hhlds	Owner Hhlds	Renter Hhlds	Lower Income
Total	10%	6%	16%	17%
Seniors	0%	0%	1%	<1%
Small Families	6%	2%	13%	16%
Large Families	41%	30%	59%	64%
Others	3%	0%	4%	4%

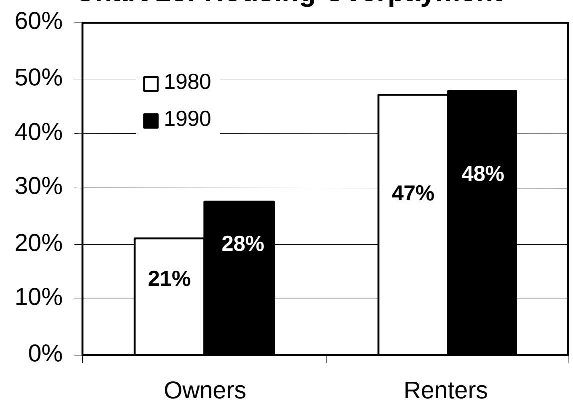
Source: Comprehensive Housing Affordability Strategy 1990

Overpayment

Housing overpayment occurs when housing costs increase faster than income. Like most urban communities in California, it is not uncommon to overpay for housing. However, to the extent that overpayment is typically disproportionately concentrated among the most vulnerable members of Riverside's community, maintaining a reasonable level of housing cost burden is an important contributor to quality of life.

Housing overpayment for Riverside residents has increased since 1980. Between 1980-1990, the proportion of owners overpaying for housing rose from 21% to 28%, while renters overpaying rose from 47% to 48%. This trend reflects considerably slower growth in income coupled with faster increases in housing costs. However, Riverside is not different than the County -- 31% of owners and 47% of renters overpay for housing.

Chart 28: Housing Overpayment



Analysis of 1990 Census data shows that renter overpayment appears to be more concentrated in neighborhoods where there are predominantly lower income households, a large portion of which are minorities. Renter overpayment is concentrated in Housing Planning Areas #1, #2, and #5. Housing Planning Areas #7 and #8 have the lowest rates of renter overpayment (Exhibit 3).

Housing overpayment also varies significantly by income, household type and size. Lower income households tend to have the highest overpayment rate at 67%. Renter overpayment is highest at 48%, while owner overpayment rate is only 28%. Of particular note, housing overpayment among senior renters is higher at 63%. Chart 29 summarizes the prevalence of overpayment by household type and size.

Χηαρτ 29: Ηουσινγ Οϖερπαψμεντ Προφιλε

Family Type	All Hhlds	Owner Hhlds	Renter Hhlds	Lower Income
Total	36%	28%	48%	67%
Seniors	30%	17%	63%	51%
Small Families	34%	28%	45%	72%
Large Families	38%	33%	45%	67%
Others	45%	40%	48%	78%

Source: Comprehensive Housing Affordability Strategy 1990

Include Housing Overpayment and Overcrowding

Include
Housing Overpayment
and Overcrowding

2. Future Housing Need

Future housing need refers to the share of the region's housing need that has been allocated to a community. In brief, SCAG calculates future housing need based upon household growth forecasts provided by communities, plus a certain amount of units needed to account for normal and appropriate level of vacancies and the replacement of units that are normally lost to conversion or demolition. The Western Riverside Council of Governments served as a delegate agency in these efforts.

In allocating the region's future housing needs to jurisdictions, SCAG is required to consider planning considerations set forth in Section 65584 of the Government Code. The planning considerations are as follows: (1) market demand for housing; 2) type and tenure of housing; (3) employment opportunities; (4) commuting patterns; (5) suitable sites and public facilities; (6) loss of assisted multifamily housing; (7) special housing needs; and (8) reduction of impaction of lower income households.

In 1999, SCAG developed its RHNA based upon population, employment and household forecasts contained in the regional transportation plan from 1998-2005. These forecasts are the basis for determining housing demand. Second, SCAG makes an adjustment to allow for vacant units needed to ensure adequate mobility and to replace units lost to demolition, conversion, or natural disaster. Finally, SCAG then determines the number of units to be affordable to different income groups.

Once household growth is determined, SCAG makes an adjustment to allow for a sufficient number of units needed for normal vacancies and replacements for demolitions and conversions. The vacancy and demolition calculations are based upon average rates developed for the Western Riverside Council of Governments. SCAG then applies a "fair share" formula to determine the units to be affordable to State mandated income levels -- very low, low, moderate, and upper income.

SCAG initially determined that Riverside's RHNA was 8,748 new housing units. However, after the City filed an appeal based upon documented HUD foreclosures and its impact upon vacancy rates, SCAG granted a partial reduction. Riverside's new RHNA is a total of 7,722 new units, with no change in the income distribution. A copy of the appeal is included in Appendix B of the Housing Element. Chart 30 below describes Riverside's final RHNA and the breakdown by affordability level.

Χηαρτ 30: Ριϖερσιδε∋σ Δραφτ ΡΗΝΑ

Income Group	Percent of County MFI	Initial RHNA	Approved Appeal	Percent
Very Low	00 -50%	1,884	1,663	21.5%
Low	51-80%	1,344	1,186	15.4%
Moderate	81-120%	1,807	1,675	21.7%
Upper	120%+	3,623	3,198	41.4%
Total		8,748	7,722	100%

Source: Southern California Association of Governments (1998).

Disagreement With 1998 RHNA

The City of Riverside has expressed dissatisfaction with the 1998 RHNA that was produced by the Southern California Association of Governments. Much like the earlier 1988 RHNA, SCAG has relied upon decade old data to develop the RHNA. The City has contended that the use of decade-old data is not the appropriate basis for developing programs and allocating funding for the housing element planning period. Therefore, the draft need determination was inadequate and in need of refinement.

The first and foremost point of contention is the RHNA vacancy need adjustment. SCAG's vacancy adjustment is designed to ensure that enough vacant units are available to promote residential choice, moderate costs, and encourage unit upkeep. The vacancy calculation is based on the difference between the City's ideal or normal mobility rate versus its current vacancy rate plus another factor to accommodate household growth. The ideal vacancy rate was based solely upon turnover rates from the 1990 Census.

The 1998 RHNA vacancy adjustment followed one of the fastest growth spurts in Riverside's history, a period which was artificially fueled by annexations and the phasing out of lucractive federal tax shelters. Because SCAG's ideal vacany rate is based upon housing turnover rates, the growth spurt led to artificially inflated turnover rates. In short, SCAG's model "normalized" artificially higher turnover rates that are neither typical nor ideal for Riverside and are not expected to be repeated in the near future.

Moreover, SCAG also developed vacancy rates based on estimates of unoccupied rates from the Department of Finance, which have not been updated in nearly a decade. Because SCAG used DOF data that was pre-recession, the data did not reflect the impact of the Inland economic recession, military base closures, or foreclosures that were being absorbed in 1997. The City's attempt to supply alternative vacancy and mobility data from the American Housing Survey was rejected as insufficient.

SCAG's estimated replacement rate also appears inaccurate. The replacement rate was designed to account for demolitions and other losses to the housing stock, such as units lost to conversions, removals, merger of units, and other normal losses. The source of the demolition and conversion data is questionable, because the Census reports are inconsistent with reports provided to the Department of Finance and the regional multiplier used to estimate conversions has a high level of sampling error.

Although the City of Riverside believes that growth is inevitable and will occur, it is important to address unresolved issues of methodology and process in the RHNA. In the meantime, Riverside has set aside a sufficient amount of land, that is zoned at the appropriate density, to accommodate their RHNA allocation. In addition, the City has re-appealed SCAG's decision and, upon review by the Regional Council, was awarded a reduction commensurate with additional documentation (Appendix B).

E. Assisted Housing At-Risk of Conversion

Existing housing that receives governmental assistance is one of the largest supplies of affordable housing in Riverside and other communities. Because of the large supply of affordable housing, housing elements must include an analysis of existing multi-family rental units at risk of conversion to market-rate housing through the next ten years due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions.

This section identifies publicly assisted rental housing in Riverside, evaluates the potential to convert to market rates, and analyzes the cost to preserve those units. The period of analysis in this housing element is the next ten years from 2000 to 2010. Organizational and financial resources for preservation or replacement are evaluated in the Housing Resources (Chapter IV) of the Element, and housing programs to address preservation are included in the Housing Plan (Chapter V).

1. Assisted Housing Inventory

Chart 31 provides an inventory of publicly assisted multi-family rental housing in Riverside. This inventory includes all multi-family rental units assisted under federal, state, or local programs, including HUD, state/local bond programs, density bonus, and local redevelopment or direct assistance programs. There are over 1,000 publicly assisted multi-family units, of which over 500 are senior units. The majority of units has received assistance from the Redevelopment Agency through the Riverside Housing Development Corporation, and has long-term affordability controls.

Chart 31: Inventory of Assisted Housing Developments

Project Name	Tenant Type	Project Owner	Total Affordable Units	Funding Source(s)	Earliest Expiration of Affordability
At-Risk Projects					
Olive Grove I	Senior	Olive Grove Partners	21	Section 231; Section 8	Not Applicable August 1999
Olive Grove II	Senior	Triester Realty Corporation	22	221(d)(4); Section 8	Not Applicable October 1998
Mount Rubidoux Manor	Senior	Riverside First Baptist Homes	12	236(j)(1)/202; Section 8	Not Applicable July 1999
Sierra Woods	Family	Sierra Woods Apartments	190	Section 236(j)(1)	Eligible to Prepay
Rose Garden Village II	Senior	Rose Garden Village II	94	Section 202; Section 8	Not Applicable January 2000
Sierra Pines Apartments	Family	Lincoln Channing	24	Mortgage Revenue Bonds	2005
Not At-Risk					
Cambridge Gardens	Senior	SoCal. Volunteers of America	74	Section 202; Section 8	Not Applicable June 2013

Chart 31: Inventory of Assisted Housing Developments

Project Name	Tenant Type	Project Owner	Total Affordable Units	Funding Source(s)	Earliest Expiration of Affordability
Riverside Silvercrest	Senior	Salvation Army	74	Section 202; RDA; Section 8	Not Applicable August 2014
Ambergate Apartments	Family	Center Development	43	Mortgage Revenue Bonds	2015
Canyon Shadows	Singles	N/A	120	Redevelopment Set-Aside	April 2015
Tyler Springs	Senior	Spruce Grove Inc.	55	Mortgage Revenue Bonds	2016
Family Service Housing	Senior	N/A	54	Section 202; Section 8	Not Applicable January 2018
Riverside Park Apartments	Family	RP Apartment Ltd.	79	Redevelopment Set-Aside	March 2024
Heritage Park Apartments	N/A	N/A	54	Mortgage Revenue Bonds	2025
Sandra Apartments	N/A	Aleksandar & Brankica Nadazdin	8	Redevelopment Set-Aside	February 2025
La Sierra Manor Apartments	Family	Multiple Private Ownership of Units	6	Redevelopment Set-Aside	April-November 2025
Concord Colony	Family	Cannon Management	39	Mortgage Revenue Bonds	2026
La Sierra Manor Apartments	Family	RHDC	10 8 12	Redevelopment Set-Aside; HOME	November 2027 March 2029 January 2040
Breezewood Apartments	Family	Housing Authority, County of Riverside	31	Redevelopment Set-Aside	November 2028
Countrywood Apartments	Family	Concordia Development	14	Mortgage Revenue Bonds	2030
Concord Square	Family	Cannon Management	16	Mortgage Revenue Bonds	2030
Victoria Manor	Senior	J.E. Wall Victoria Manor	112	Redevelopment Set-Aside	December 2041
Lincoln Apartments	Family	RLA Ltd.	150	Section 207; Section 8	Not Applicable
Oaktree Apartments	Family	RHDC	25	Redevelopment Set-Aside	April 2026
Plymouth Tower	Senior	Retirement Housing Foundation	128	Section 231	Not Applicable
El Dorado Apartments	Family	Riverside County	68	Public Housing	Not Applicable

Sources: HUD Inventory of Section 8 projects, 1999
Redevelopment Agency, City of Riverside, 1999
California Housing Partnership Corporation, 1999
California Debt Advisory Commission, 1994

2. Loss of Assisted Housing

This section evaluates low-income multi-family rental projects in Riverside that are at-risk of converting to market rate uses between January 1 2000 and June 30, 2010. In making this assessment, not all projects are necessarily at-risk of conversion. However, the probability of conversion is higher for projects subject to either or both conditions: (1) expiration of Section 8 contracts or (2) prepayment of a government-subsidized mortgage. The following describes the likelihood of conversion.

Federal Section 8 Contracts.

The Section 8 program provides property owners guaranteed rental payments, in return for maintaining their housing units as affordable to lower income households. Under HUD rules, property owners are guaranteed a minimum rent payment equal to the HUD-determined fair-market rent or negotiated payment standard (typically higher than FMR). Tenant payments are restricted to 30% of their income. The difference between the payment standard and tenant rent is paid by HUD.

Recent federal legislation has been enacted to address the expiration of Section 8 contracts and the prevailing housing market conditions in the community. The goal is to ensure that Section 8 projects receive as close as possible to prevailing rents. For projects that are currently over-subsidized, the Mark-to-Mark program is designed to lower excess rental payments in return for substantial incentives, while the Mark-up-to-Market program is designed to bring up under-subsidized projects.

Upon expiration of Section 8 contracts, owners with HUD-issued mortgages have two options. Projects *above* fair market rents can participate in the Mark-to-Market program that reduces rents to fair market in return for favorable tax treatment and debt restructuring. For projects renting at *below* fair market rents, owners can participate in the Mark-up-to-Market program which allows rents to be marked up to comparable market rents – which is especially important in escalating rental markets.

Riverside currently has four projects receiving project based Section 8 assistance. Mount Rubidoux Manor and Rose Garden, which comprise 106 affordable units. Both projects were financed through the Section 202 program, which means that the units are owned by nonprofits and must remain affordable for the life of the project. Because of their use restrictions, HUD gives priority in Section 8 funds to these projects. Therefore, they are considered at lower risk of losing Section 8 funds.

The other two complexes with project based Section 8 contracts are Olive Grove I and Olive Grove II. Both of these projects currently receive exception rents above the fair market rent, thus they are both over-subsidized according to HUD. As noted earlier, both projects are eligible for the Mark-to-Mark program. Although though these projects are over-subsidized, the tax advantages under the Mark-to-Market program provides a significant financial incentive to continue.

Prepayment of HUD Insured Mortgage Loans.

Affordability controls can be lost through prepayment of HUD assisted mortgages. As background, HUD sponsors programs that provide property owners with subsidized interest rates or other financial incentives, provided that a certain number of units are set-aside as affordable for low income households. Under this option, property owners can prepay their remaining mortgage, and therefore opt-out of the affordability controls. Applicable projects are described below.

<u>Section 236(j)(1)</u> – Section 236(j)(1) was also designed to stimulate the production of affordable rental housing. Under this program, developers are offered below-market rate loans, with the stipulation that units are set-aside as affordable for an extended period of time, usually as long as the mortgages are outstanding. After a certain period of time (typically 20 years), however, the property owner may prepay the mortgage, lift rent controls on the affordable units, and rent the units at market rates.

The prepayment of Section 236 (j)(1) loans was formerly regulated by the Low Income Housing Preservation and Resident Home Ownership Act (LIHPRHA). Since LIHPRHA ended in 1996, property owners can prepay the remaining mortgage loans at any time once the project is eligible to exercise their prepayment option. However, However, among other requirements for prepayment, the property owner must notify all affected tenants 9 months before exercising the opt-out provisions.

Currently, Sierra Woods is the only assisted multifamily project in Riverside assisted solely by the Section 236(j)(1) program without Section 8 assistance. Sierra Woods is a 190-unit apartment complex for families, with all of the units being affordable to low- and moderate-income households. Available records suggest that the project is eligible to pay off its mortgage loan at any time and therefore considered at-risk. Options for preservation are discussed in the following sections.

Mortgage Revenue Bond Project

Projects financed by mortgage revenue bonds are required to provide 20% of the units to households earning 80% or less of the area median income for a period no less than one-half the term of the bond. A typical bond-financed project has a 20-year term. In Riverside, a significant number of mortgage revenue bond projects receive assistance from the RDA. Only Sierra Pines is at-risk of conversion, while affordability controls on the others were extended through refinancing.

Sierra Pines is a family apartment complex with 120 units, of which 24 units are allocated for occupancy by low-income households. The project was financed with City-issued mortgage revenue bonds that require occupancy restrictions. Rents in restricted units are discounted to below market levels to attract low-income tenants, although rent levels are not directly tied to tenant income. The earliest possible date of conversion from assisted to non-low-income uses is 2005.

3. Preservation and Replacement Options

Preservation or replacement of at-risk projects in Riverside can be achieved in several ways: 1) transfer of ownership to non-profit organizations; 2) provision of rental assistance to tenants using other funding sources; 3) replacement or development of new assisted multi-family housing units; 4) purchase of affordability covenants; and/or 5) refinance of mortgage revenue bonds on bond-funded units. These options are described below, along with a general cost estimate for each.

Transfer of Ownership

Transferring ownership of the at-risk projects to non-profit organizations has several benefits: (1) it is the least costly, (2) affordability controls can be secured indefinitely; and (3) the project would be available for a range of governmental assistance. The feasibility of this option depends on several factors, including the willingness of the apartment owner to sell the project, the existence of non-profit corporations with sufficient administrative capacity to manage the project, and availability of funding.

In Riverside, there are four at-risk projects owned by for-profit developers: Olive Grove II, Olive Grove Manor I, Sierra Pines and Sierra Woods. The estimated market value for at-risk projects under for-profit ownership can be estimated by comparing market rents and annual income versus standard costs for apartment management. Chart 32 estimates that the current market value for these units is $12 million.

Chart 32: Market Value of At-Risk Housing Projects

Project Units	Olive Grove II	Olive Grove Manor I	Sierra Pines	Sierra Woods	Total
0-bdrm	0	14	0	0	14
1-bdrm	22	7	12	68	109
2-bdrm	0	0	12	74	86
3-bdrm	0	0	0	48	48
Total	22	21	24	190	257
Operating Cost (Yr)	($52,800)	($44,800)	($64,800)	($558,000)	($720,400)
Gross Income (Yr)	$132,924	$110,124	$161,424	$1,410,636	$1,815,108
Net Annual Income	$80,124	$65,324	$96,624	$852,636	$1,094,708
Market Value	$881,364	$718,564	$1,062,864	$9,378,996	$12,041,788

Market value for each project is estimated with the following assumptions:

1. Median rents for studios $425, 1-bd $530, 2-bd $650, and 3-bd is $825. Source: Springstreet.com
2. Average bedroom size for a studio assumed at 500 square feet, 1-bedroom at 600 square feet, and 2- and 3-bedroom at 900 square feet.
3. Vacancy rate = 5% and annual operating expenses per square foot = $4.00
4. Market value = Annual net project income * multiplication factor
5. Multiplication factor for a building in moderate condition = 11

Rental Assistance

Currently, availability of funding for Section 8 contract renewal is uncertain. With the exception of Sierra Pines and Sierra Woods, all of the at-risk projects have Section 8 contracts. Rent subsidies can be used to maintain affordability at these projects using State, local, or other funding sources. Rent subsidies can be structured to mirror the Section 8 program. Under Section 8, HUD pays owners the difference between what tenants can pay (defined as 30% of household income) and what HUD and the local Housing Authority estimate to be the Fair Market Rent (FMR).

The feasibility of this alternative, in the case of the property owners, depends on their willingness to accept rental vouchers. As summarized below in Chart 34, given the bedroom mix of all 149 at-risk units with Section 8 assistance, the total cost of subsidizing the rents for these units is estimated at $13,500 per month or $162,000 annually, translating to $4.9 million in subsidies over a 20-year period.

Chart 33: Rent Subsidies Required

Unit Size	Total Units	Fair Market Rents	HHld Size	Median Household Income (1)	Affordable Cost (30% of MFI)	Utility Bill	Per Unit Subsidy
0-br	14	$439	1	$16,500	$413	$50	$77
1-br	134	$489	2	$18,900	$473	$75	$92
2-br	1	$597	3	$21,250	$531	$100	$166
3-br	0	$829	4	$23,600	$590	$125	$364
4-br	0	$980	5	$25,500	$638	$150	$493
Total	149						

1. Household Median Income limits for the Riverside County area set by HUD

Construction of Replacement Units

The construction of new low-income housing units is a means to replace at-risk units should they be converted to market rates. The cost of developing housing depends upon density, size of the units, location, land costs, and type of construction. According to local realtors, the average development cost for a two-bedroom rental unit is $85,000 plus $5 per square foot (with utilities in place) of land. Assuming a density of 20 units per acre, land costs are approximately $11,000 per unit.

Using the average per unit construction cost of $85,000, and an average land cost of $11,000 per unit, it would cost approximately $35 million to replace the 363 assisted units at risk of converting to market rate in Riverside. This amount is substantially higher than 20 years worth of rent subsidies valued at an estimated $10.3 million. Another constraint to the replacement of at-risk units is the limited availability of sites for multi-family development and the need to assemble parcels.

Purchase of Affordability Covenants

Another option to preserve the affordability of at-risk projects is to provide an incentive package to the owners to maintain the projects as low-income housing. Incentives could include writing down the interest rate on the remaining loan balance, and/or supplementing the Section 8 subsidy received to market levels. The feasibility of this option depends on whether the complexes require rehabilitation or are too highly leveraged. By providing lump sum financial incentives or on-going subsidy in rents or reduced mortgage interest rates to the owner, the City can ensure that some or all of the assisted units remain affordable.

Refinancing of Mortgage Revenue Bonds

The most likely option to preserve the low-income use restriction of the 24 bond-financed units in Sierra Pines is to refinance the mortgage revenue bonds that were issued to the owners. If refinanced, the project would be required by the 1986 Tax Reform Act to commit their 20-percent low-income units for the greater of 15 years or as long as the bonds are outstanding. To ensure the affordability of the City's bond-assisted units, the City can negotiate with the project owners to refinance the bonds. The costs to refinance the bond include the difference in interest rates on the remaining debt between the previous and re-negotiated bonds, an issuance cost of approximately 3% of the bond to be paid by the City up front, and administrative costs. Thus, the project owners may not have a financial incentive to refinance unless bond interest rates are well below rates on the initial bonds, and are combined with other incentives. More often, property owners prefer to either sell the property or seek refinancing from private lenders and would therefore be eligible to opt out of affordability controls. Bond refinancing may more likely be used in combination with transfer of ownership to a non-profit.

Costs Comparisons

While the annual costs of providing rent subsidies required to preserve the 149 units are relatively low, long-term affordability of the units cannot be ensured. Other financial incentives may also be necessary to make the negotiation packages more attractive to property owners for them to accept rent subsidies. The total costs of new construction to replace at-risk units is much higher than the costs associated with the different preservation options presented above, and is compounded by the limited supply of vacant land for multi-family residential uses. Refinancing the existing bond is probably the least costly preservation cost for Sierra Pines, a bond-financed project. However, the project owner may choose to opt out of mortgage revenue bond assistance by securing refinancing from private lenders.